

## Auditing Procedures Report

Instructions and MuniCodes

\*Required Fields

Reset Form

Issued under Public Act 2 of 1968, as amended. (V1.06)

Unit Name* VILLAGE OF MANCERLONA	County* ANTRIM	Type* VILLAGE	MuniCode* 05-3-050
Opinion Date-Use Calendar* May 28, 2008	Audit Submitted-Use Calendar* Aug 29, 2008	Fiscal Year End Month* 02	Fiscal Year* 2008

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

<input checked="" type="checkbox"/> ?	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/> ?	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input checked="" type="checkbox"/> ?	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/> ?	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/> ?	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/> ?	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/> ?	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/> ?	8. Has the local unit distributed tax revenues that were collected for another taxing unit timely as required by the general property tax act?
<input checked="" type="checkbox"/> ?	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/> ?	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan as revised (see Appendix H of Bulletin)?
<input checked="" type="checkbox"/> ?	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/> ?	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/> ?	13. Is the audit opinion unqualified?
	14. If not, what type of opinion is it? NA
<input checked="" type="checkbox"/> ?	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/> ?	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/> ?	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input checked="" type="checkbox"/> ?	18. Are there reported deficiencies?
<input checked="" type="checkbox"/> ?	19. If so, was it attached to the audit report?

General Fund Revenue: ? \$ 668,842.00

General Fund Expenditure: ? \$ 634,328.00

Major Fund Deficit Amount: \$ 0.00

General Fund Balance: ? \$ 226,200.00

Governmental Activities  
Long-Term Debt (see  
instructions): ? \$ 286,822.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations).

CPA (First Name)* DANIEL	Last Name* SMITH	Ten Digit License Number* 1101020912		
CPA Street Address* 114 S CENTER SUTE 108	City* GAYLORD	State* MI	Zip Code* 49735	Telephone* +1 (989) 732-1441
CPA Firm Name* DAN SMITH, CPA	Unit's Street Address* 120 W STATE ST	Unit's City* MANCERLONA	Unit's Zip* 49859	

June 4, 2008

To the Village Council  
Village of Mancelona  
Antrim County, Michigan

We have audited the financial statements of the Village of Mancelona, as of and for the year ended February 29, 2008, and have issued our report thereon dated May 28, 2008. Professional standards require that we provide you with the following information related to our audit.

### **Our Responsibility under U.S. Generally Accepted Auditing Standards**

As stated in our engagement letter dated April 23, 2008 our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

### **Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing previously communicated to management in our meeting about planning matters on April 16, 2008.

### **Significant Audit Findings**

#### ***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Village of Mancelona are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended February 29, 2008. We noted no transactions entered into by the Village during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

#### **The Valuation of Depreciation Expense and Accumulated Depreciation**

Management's estimate of Depreciation expense and accumulated depreciation is based on the Village's anticipated lives of the various capital assets, in addition to the amount the assets are actually used. We evaluated the key factors and assumptions used to develop the depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.

### ***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### ***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

### ***Disagreements with Management***

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### ***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated April 23, 2008.

### ***Management Consultations with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### ***Internal Control Matters***

In planning and performing our audit, we considered the internal control over financial reporting of the Village as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the financial statements that is more than inconsequential will not be prevented or detected by the internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the internal control. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant

deficiencies that are also considered to be material weaknesses. However, we consider each of the following significant deficiencies to be a material weakness.

#### *Segregation of Duties*

A properly designed system of internal control segregates the accounting responsibilities from employees who have access to physical assets such as cash, investments and payroll, from authorization and approval of transactions and account reconciliations. The small size of the administrative staff precludes a complete segregation of duties resulting in more than a remote risk that material misstatements could occur and not be detected in the normal course.

#### *Reporting Financial Data*

The above definition of a significant deficiency includes any condition that adversely affects the ability to report financial data in accordance with generally accepted accounting principles ("GAAP"). As a matter of convenience, the Organization has always relied upon its auditors to prepare financial statements and related notes and supplemental schedules for external reporting in accordance with GAAP. As a consequence, the Organization has not developed the tools and resources necessary to enable its employees to prepare reports in conformity with GAAP in the normal course of performing their assigned functions. The Organization has committed the resources necessary to meet its internal reporting needs. In this regard, it is not unlike many other organizations of its size.

This information is intended solely for the use of the Village Council and management of the Village of Mancelona and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully yours,



Daniel S. Smith, CPA

**VILLAGE OF MANCELONA**  
**ANTRIM COUNTY, MICHIGAN**  
**AUDITED FINANCIAL STATEMENTS**  
**FEBRUARY 29, 2008**

**VILLAGE OFFICIALS**

PRESIDENT	ROBERT WILCOX
PRESIDENT PRO-TEM	PAM CALVIN-MINCH
CLERK	MAUREEN NAUMCHEFF
TREASURER	RAEANN THOMPSON
POLICE CHIEF	WILLIAM ROBBINS

**COUNCIL MEMBERS**

KATHY ALTROCK  
YOUSSEF JABARA  
CECIL PUCKETT  
ELMER GRODY  
TERESA MIZGALA

**VILLAGE OF MANCERLONA**

**TABLE OF CONTENTS**

	<b>PAGE</b>
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	2 - 5
<b><u>GOVERNMENT WIDE FINANCIAL STATEMENTS</u></b>	
STATEMENT OF NET ASSETS	6
STATEMENT OF ACTIVITIES	7
<b><u>FUND FINANCIAL STATEMENTS</u></b>	
<b><u>GOVERNMENTAL FUNDS</u></b>	
BALANCE SHEET	8
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS	9
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE	10
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES	11
NOTES TO FINANCIAL STATEMENTS	12 - 22
<b><u>REQUIRED SUPPLEMENTAL INFORMATION</u></b>	
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL GENERAL FUND	23 - 26
MAJOR STREET FUND	27
LOCAL STREET FUND	28

## INDEPENDENT AUDITOR'S REPORT

May 28, 2008

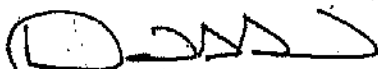
To the Village Council  
Village of Mancelona

I have audited the accompanying financial statements of the governmental activities, the discretely presented component unit and each major fund of the Village of Mancelona, Antrim County, Michigan as of and for the year ended February 29, 2008, which collectively comprise the Village's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Village's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, and each major fund of the Village of Mancelona, Antrim County, Michigan as of February 29, 2008, and the respective changes in financial position, thereof and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 2 - 5 and budgetary comparison information on pages 23 - 28, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.



Daniel S. Smith, CPA



# **VILLAGE OF MANCELONA**

**120 West State Street  
Mancelona, MI 49659**

## **MANAGEMENT'S DISCUSSION & ANALYSIS YEAR ENDED FEBRUARY 29, 2008**

This section of the Village of Mancelona's annual financial report presents our discussion and analysis of the Village's financial performance during the fiscal year ended February 29, 2008. Please read it in conjunction with the financial statements, which immediately follow this section.

### **FINANCIAL HIGHLIGHTS**

Village assets at February 29, 2008, as reported in the Statement of Net Assets, totaled approximately \$1,946,000 for governmental activities and \$113,000 for our component unit (the Mancelona Downtown Development Authority), compared to \$1,837,000 and \$104,000, respectively, at February 28, 2007. Of the total Village assets, approximately \$1,187,000 represents capital assets net of depreciation.

Overall revenues were approximately \$749,000 (\$292,000 from program revenues and \$457,000 from general revenues). Overall expenses approximated \$706,500.

The Village did not incur additional debt during the year, and we made no capitalized purchases. Long-term debt and capital asset activity is addressed further in a subsequent section of this letter.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts, management's discussion & analysis, the basic financial statements, and required supplementary information. The basic financial statements include two different kinds of statements that present different views of the Village.

The first two statements are government-wide financial statements and provide both long and short-term information about our overall financial status. These statements present the governmental activities of the Village.

The remaining statements are fund financial statements, which focus on individual parts of the Village in more detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data. Required supplementary information further explains and supports the financial statement information with budgetary comparisons.

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide statements report information about the Village as a whole using accounting methods used by private companies. The Statement of Net Assets includes all of the entity's assets and liabilities. The Statement of Activities records all of the current year revenues and expenses regardless of when received or paid.

The two government-wide statements report net assets and how they have changed. Net assets are the difference between the Village's assets and liabilities; this is one method to measure the Village's financial health or position.

Over time, increases or decreases in an entity's net assets is an indicator of whether financial position is improving or deteriorating.

To assess overall health of an entity, you may also have to consider additional factors such as tax base changes, facility conditions, and personnel changes.

All of the activities of the Village are reported as governmental activities. These would include the general fund, major streets, and local streets.

## FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Village's funds, focusing on significant (major) funds, not the Village as a whole. Funds are used to account for specific activities or funding sources. Some funds are required by law or bond covenants. The Village Council also may create them. Funds are established to account for funding and spending of specific financial resources and to show proper expenditure of those resources.

The Village has the following types of funds:

**Governmental Funds:** All of the Village's activities are included in the governmental fund category. These funds are presented on the modified accrual basis, which is designed to show short-term financial information. You will note that the differences between the Village's government-wide statements and the fund statements are disclosed in reconciling statements to explain the differences between them.

## FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

**Net Assets:** The Village's combined net assets increased approximately \$42,000 during the year ended February 29, 2008 totaling \$1,455,219. The increase is due to the prudent financial decisions made by the Council over the past year.

**Government Funds:** The fund balances for governmental funds increased approximately \$78,100. The general fund had an increase of \$34,500. This was due primarily to a reduction in expenditures over the prior year of approximately \$78,000, and a modest increase in revenues.

## **FINANCIAL ANALYSIS OF THE VILLAGE 'S FUNDS**

**General Fund:** This fund is used to record all activities of the Village not required to be recorded in a separate fund. This would include parks, building and grounds, legislative, administrative, elections and police activities. The major sources of revenue for the general fund are from the Village tax base and the revenue sharing from the State of Michigan. The major expenses for this fiscal year include the general operating activities of the Village.

**Major Streets:** This fund is used to record revenues and expenses for major (state-owned) streets located within the Village. The major source of revenue comes from the State of Michigan in the form of transportation taxes. The major expenses for this fund are wages and equipment rental for snow removal and street repair, along with significant debt service expenditures incurred this year.

**Local Streets:** This fund is used to record revenues and expenses for local (Village-owned) streets. Local street revenue comes from property taxes and from the State in the form of gas and weight taxes. The major expenses incurred this year include street light utilities, wages, and equipment rental.

## **CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY**

**Capital Assets:** Additions to the Village assets for this year include the following: **No new capital assets.**

### **Long-Term Debt:**

- **Major Streets Debt:** The Village paid \$15,000 in bond principal payments for the fiscal year and \$8,774 of interest.
- **Capital Lease:** The Village paid \$37,374 in capital lease payments, for which the Village was fully reimbursed by the Downtown Development Authority. Both leases are for street lighting downtown.

## **KNOWN FACTORS AFFECTING FUTURE OPERATIONS**

The Village Council has entered into an agreement with the Downtown Development Authority to provide a variety of services. This new source of revenue will be used for the general operating purposes of the Village.

## CONTACTING VILLAGE MANAGEMENT

This financial report is designed to provide our taxpayers, creditors, investors and customers with a general overview of the Village's finances and to demonstrate the Village's accountability for the revenues it receives. If you have any questions concerning this report please contact Maureen Naumcheff, Village Clerk or Robert Wilcox, Village President at 120 West State Street, Mancelona, MI 49659.



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Robert Wilcox, Village President

**VILLAGE OF MANCERLONA  
STATEMENT OF NET ASSETS  
FEBRUARY 29, 2008**

	<b>PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES</b>	<b>COMPONENT UNIT DOWNTOWN DEVELOPMENT AUTHORITY</b>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash	\$ 307,771	\$ 1,170
Certificates of Deposit	135,375	48,361
Receivables:		
Delinquent Property Taxes	54,398	27,631
Due from Other Governments	180,429	-
Due from DDA - Capital Leases	37,274	
Due from Primary Government	-	35,761
Total Current Assets	715,247	112,923
<b>Non-Current Assets:</b>		
Due from DDA - Capital Leases	44,548	-
Capital Assets, Net	1,186,812	-
Total Non-Current Assets	1,231,360	-
<b>Total Assets</b>	<b>\$ 1,946,607</b>	<b>\$ 112,923</b>
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts Payable	\$ 139,805	\$ -
Due to the DDA - Property Taxes	35,761	-
Accrued Interest	2,000	-
Current Portion of Long-Term Debt	52,274	37,274
Total Current Liabilities	229,840	37,274
<b>Long-Term Debt:</b>		
General Obligation Bonds	190,000	-
Capital Lease	44,548	-
Compensated Absences	27,000	-
Due to Primary Government - Capital Lease	-	44,548
Total Long-Term Debt	261,548	44,548
<b>Total Liabilities</b>	<b>491,388</b>	<b>81,822</b>
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Debt	1,104,990	-
Net Assets, Restricted	278,521	-
Net Assets, Unrestricted	71,708	31,101
<b>Total Net Assets</b>	<b>\$ 1,455,219</b>	<b>\$ 31,101</b>

See accompanying notes to the financial statements

**VILLAGE OF MANCERONA**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED FEBRUARY 29, 2008**

	<b>P R O G R A M</b>			<b>R E V E N U E S</b>		<b>NET (EXPENSE) REVENUES AND CHANGES IN NET ASSETS</b>	
	<b>EXPENSES</b>	<b>CHARGES FOR SERVICES</b>	<b>OPERATING GRANTS &amp; CONTRI- BUTIONS</b>	<b>CAPITAL GRANTS &amp; CONTRI- BUTIONS</b>		<b>PRIMARY GOVERNMENT</b>	<b>COMPONENT UNIT</b>
<b>GOVERNMENTAL ACTIVITIES</b>							
Village Administration	\$ (114,911)	-	\$ 4,790	\$ -	\$ -	(110,121)	\$ -
Buildings and Grounds	(45,032)	15	-	-	-	(45,017)	-
Streets and Highways	(67,638)	-	103,604	-	-	35,966	-
Parks and Recreation	(32,307)	1,576	-	-	-	(30,731)	-
Law Enforcement	(212,399)	15,698	2,243	-	-	(194,458)	-
Motor Pool	(58,534)	-	-	-	-	(58,534)	-
Sewer Grant Project	(164,317)	-	-	164,317	-	-	-
Interest on Long-Term Debt	(8,774)	-	-	-	-	(8,774)	-
Unallocated Depreciation	(2,685)	-	-	-	-	(2,685)	-
Downtown Development Authority	-	-	-	-	-	-	24,422
<b>Total Governmental Activities</b>	<b>(706,597)</b>	<b>17,289</b>	<b>110,637</b>	<b>164,317</b>		<b>(414,354)</b>	<b>24,422</b>
<b>GENERAL REVENUES</b>							
Property Taxes, Levied for:							
General Operations						207,737	-
Local Streets						56,152	-
Downtown Development Authority						-	63,392
State Shared Revenue - Not Restricted						150,517	-
Franchise Fees						12,696	-
Interest Earnings						21,096	2,676
Other						8,264	(11,092)
<b>Total General Revenues</b>						<b>456,462</b>	<b>54,976</b>
<b>CHANGE IN NET ASSETS</b>						<b>42,108</b>	<b>30,554</b>
<b>NET ASSETS - MARCH 1, 2007</b>						<b>1,413,111</b>	<b>547</b>
<b>NET ASSETS - FEBRUARY 29, 2008</b>						<b>\$ 1,455,219</b>	<b>\$ 31,101</b>

See accompanying notes to the financial statements

**VILLAGE OF MANCERONA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
FEBRUARY 29, 2008**

	<u>M A J O R F U N D S</u>			
	<u>GENERAL</u>	<u>MAJOR STREET</u>	<u>LOCAL STREET</u>	<u>TOTAL</u>
<b><u>ASSETS</u></b>				
Cash	\$ 75,892	\$ 116,898	\$ 114,981	\$ 307,771
Certificates of Deposit	54,783	-	80,592	135,375
Receivables:				
Delinquent Taxes	44,081	-	10,317	54,398
Accounts	32,411	5,337	2,876	40,624
CDBG Grant	139,805	-	-	139,805
Due From Other Funds	47,537	-	-	47,537
<b>Total Assets</b>	<b>394,509</b>	<b>122,235</b>	<b>208,766</b>	<b>725,510</b>
<b><u>LIABILITIES AND FUND EQUITY</u></b>				
<b>Liabilities:</b>				
Accounts Payable	139,805	-	-	139,805
Due To Other Funds	-	23,647	23,890	47,537
Due to the DDA	28,504	-	7,257	35,761
<b>Total Liabilities</b>	<b>168,309</b>	<b>23,647</b>	<b>31,147</b>	<b>223,103</b>
<b>Fund Equity:</b>				
Fund Balance - Unreserved	223,886	-	-	223,886
Fund Balance - Reserved	2,314	98,588	177,619	278,521
<b>Total Fund Equity</b>	<b>226,200</b>	<b>98,588</b>	<b>177,619</b>	<b>502,407</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 394,509</b>	<b>\$ 122,235</b>	<b>\$ 208,766</b>	<b>\$ 725,510</b>

See accompanying notes to the financial statements.

**VILLAGE OF MANCERLONA  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
FEBRUARY 29, 2008**

<b>TOTAL FUND BALANCES - GOVERNMENTAL ACTIVITIES (PER THE BALANCE SHEET PAGE 8)</b>	<b>\$ 502,407</b>
<b>Amounts reported for governmental activities in the Statement of Net Assets (page 6) are different because:</b>	
Capital assets used in governmental activities are not financial resources and therefore not used in the funds	1,186,812
Long-term liabilities and accrued interest are not due and payable in the current period and therefore not reported in the funds	(315,822)
Long-term notes receivable that are not collected in the current period and are not considered to be available are not recorded in the funds	81,822
<b>TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES (PER STATEMENT OF NET ASSETS - PAGE 6)</b>	<b>\$ 1,455,219</b>

See accompanying notes to the financial statements



**VILLAGE OF MANCERLONA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED FEBRUARY 29, 2008**

	<b>M A J O R F U N D S</b>			
	<b>GENERAL</b>	<b>MAJOR STREET</b>	<b>LOCAL STREET</b>	<b>TOTAL</b>
<b>REVENUES</b>				
Property Taxes	\$ 236,134	\$ -	\$ 56,152	\$ 292,286
State Shared Revenue	155,307	67,325	36,279	258,911
Federal Grant - Sewer Project	164,317	-	-	164,317
Charges for Services	1,591	-	-	1,591
Police	17,941	-	-	17,941
Equipment Rental and Admin.	61,370	-	-	61,370
Interest Earnings	11,222	3,331	6,543	21,096
Other	20,960	-	-	20,960
<b>Total Revenues</b>	<b>668,842</b>	<b>70,656</b>	<b>98,974</b>	<b>838,472</b>
<b>EXPENDITURES</b>				
General Government	196,913	-	-	196,913
Public Safety:				
Police	221,444	-	-	221,444
Highways and Streets	-	98,322	65,080	163,402
Motor Pool	51,654	-	-	51,654
Federal Grant - Sewer Project	164,317	-	-	164,317
<b>Total Expenditures</b>	<b>634,328</b>	<b>98,322</b>	<b>65,080</b>	<b>797,730</b>
Excess (Deficiency) of Revenues Over Expenditures	34,514	(27,666)	33,894	40,742
<b>OTHER FINANCING SOURCES/(USES):</b>				
Transfer from DDA	-	37,374	-	37,374
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	34,514	9,708	33,894	78,116
<b>Fund Balance - Beginning of Year</b>	<b>191,686</b>	<b>88,880</b>	<b>143,725</b>	<b>424,291</b>
<b>Fund Balance - End of Year</b>	<b>\$ 226,200</b>	<b>\$ 98,588</b>	<b>\$ 177,619</b>	<b>\$ 502,407</b>

See accompanying notes to the financial statements

**VILLAGE OF MANCERLONA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES  
YEAR ENDED FEBRUARY 29, 2008**

<b>NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS</b>	<b>\$</b>	<b>78,116</b>
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**Amounts reported for governmental activities in the Statement of Activities (page 7) are different because:**

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives.		-
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Depreciation expense is reported in the Statement of Activities but not the governmental funds financial statements.		(39,351)
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Governmental funds do not report long-term debt; therefore, debt service payments are recorded as an expenditure. However, in the government-wide financial statements, long-term debt is recorded and debt service payments are applied against the outstanding balance or to interest expense.		52,374
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Governmental funds report receipts on long-term receivables as revenues in the current period. However, in the government-wide statements, the receipt is applied against the outstanding receivable balance.		(37,374)
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Governmental funds record revenues when it is both available and measurable; however, the government wide statements record revenue when it is earned, regardless of when it is collected.		(28,397)
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Governmental funds do not record the "Compensated Absences"; However, the Government-wide statements do record the liability and the appropriate change in the liability.		16,740
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<b>CHANGE IN NET ASSETS - GOVERNMENTAL ACTIVITIES PER THE STATEMENT OF ACTIVITIES</b>	<b>\$</b>	<b>42,108</b>
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See accompanying notes to the financial statements

**VILLAGE OF MANCELONA  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED FEBRUARY 29, 2008**

**NOTE A: ENTITY**

The Village of Mancelona is a General Law Village of the State of Michigan organized in 1879, located in Antrim County, Michigan. It was incorporated under Act 3 of 1895. The criteria for determining the various governmental functions to be included in the reporting entity's financial statements include oversight responsibility, scope of public service, and special financing relationships. On this basis, the financial statements include all of the governmental functions of the Village of Mancelona.

**DOWNTOWN DEVELOPMENT AUTHORITY**

The Village passed Ordinance 74, effective July 27, 1994, creating the Downtown Development Authority (DDA) of the Village of Mancelona. The Authority is a component unit of the Village. The Village Council has the power to dissolve the Authority at will. The Authority may not impose taxes nor obligate the Village in any manner without approval of the Village Council. The activities of the Authority are presented as a discrete component unit of the Village of Mancelona in these financial statements. The DDA is audited under a separate cover, and those financial statements are available for review at the Village offices.

**MANCELONA FIRE DISTRICT**

This report does not include the financial activity of the Mancelona Fire District. The Mancelona Fire District is part of the Township of Mancelona.

**MANCELONA AREA WATER AND SEWER AUTHORITY**

The Mancelona Area Water and Sewer Authority was established in 2000 as a joint venture by the Village of Mancelona, the Township of Mancelona, and the Township of Custer. The Authority was established to most effectively meet the water and sewer needs of the Mancelona area. The financial statements of the Authority are audited under separate cover and are not included in this report.

**NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**INTRODUCTION**

The accounting and reporting framework and the more significant accounting principles and practices of the Village of Mancelona are discussed in subsequent sections of this Note. The remainder of the Notes are organized to provide explanations including required disclosures of the Village's financial activities.

The accounting policies of the Village of Mancelona conform to the generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

**VILLAGE OF MANCELONA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED FEBRUARY 29, 2008**

**NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

On March 1, 2003, the Village of Mancelona adopted the new governmental reporting model and implemented Governmental Accounting Standards Board (GASB) Statement No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" and Statement No. 38 "Certain Financial Statement Note Disclosures".

Under the provisions of GASB Statements No. 34 and 38, the focus of the Village's financial statements has shifted from a fund focus to a government-wide focus.

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENT PRESENTATION**

***Government-Wide Financial Statements***

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities. These statements report financial information for the Village as a whole, excluding fiduciary activities. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and Village general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers. At this time, the Village has no business-type activities.

The Statement of Activities reports the expenses of a given function offset by program revenues directly connected with functional programs. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity.

Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the Village's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not included as program revenues are reported as general revenues.

***Fund Financial Statements***

Fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental funds are reported in separate columns with composite columns for non-major funds. The Village does not maintain any non-major funds.

The measurement focus and basis of accounting for the government-wide and fund financial statements are described in a subsequent section of this note.

**VILLAGE OF MANCERLONA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED FEBRUARY 29, 2008**

**NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENT PRESENTATION  
(CONTINUED)  
FUND TYPES AND MAJOR FUNDS**

***Governmental Funds***

The Village reports the following major governmental funds:

*General Fund* – This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants and other inter-governmental revenues.

*Major Street Fund* – This fund is used to account for all financial transactions related to the Village's "major" (state-owned) streets. Revenues are derived primarily from state grants.

*Local Street Fund* – This fund is used to account for all financial transactions related to the Village's local streets. Revenues are derived primarily from property taxes and state grants.

**MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

The financial statements of the Village are prepared in accordance with generally accepted accounting principles (GAAP). The Village applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The Village does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

**Government-Wide Financial Statements**

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds).

Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

**VILLAGE OF MANCERLONA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED FEBRUARY 29, 2008**

**NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**FUND TYPES AND MAJOR FUNDS (CONTINUED)**

**Governmental Fund Financial Statements**

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Village considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual include: sales and use taxes, property taxes, franchise taxes (fees), intergovernmental revenues, and investment income. In general, other revenues are recognized when cash is received.

Property tax revenues are recognized as follows:

Properties are assessed as of December 31 and the related property taxes become a lien on July 1 of the following year. These taxes are due on September 15 with the final collection date of February 29 before they are added to the county delinquent tax rolls. In accordance with GASB 33 "Accounting and Financial Reporting for Nonexchange Transactions", the Village records property tax revenue on the lien date, when it becomes an enforceable legal claim for the Village. Accordingly, taxes levied on July 1, 2005 are recorded as revenue in the current year. Unpaid taxes are recorded as receivables of the respective funds.

Property taxes were levied as follows for the year ended February 29, 2008:

General	11.7827 mills
Local Street	3.0000 mills

The taxable value of the Village for the 2007 tax year totaled \$25,888,496.

**CAPITAL ASSETS AND DEPRECIATION**

The Villages property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The Village maintains infrastructure asset records consistent with all other capital assets. Donated assets are stated at fair value on the date donated. The Village generally capitalizes assets with historical cost of \$1,000 or more as purchase and construction outlays occur.

**VILLAGE OF MANCERLONA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED FEBRUARY 29, 2008**

**NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**CAPITAL ASSETS AND DEPRECIATION (CONTINUED)**

The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss is recorded in operations.

Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	50-75
Improvements, other than buildings	10-20
Machinery and equipment	5-10
Vehicles	5-10
Infrastructure	20-40

For information describing capital assets, see Note F.

**LONG-TERM DEBT, DEFERRED DEBT EXPENSE, AND BOND DISCOUNT/PREMIUMS**

In the government-wide and proprietary financial statements, outstanding debt is reported as liabilities. Bond issuance costs, bond discounts or premiums, and the difference between the reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effect of interest method.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

**USE OF ESTIMATES**

The financial statements have been prepared in conformity with generally accepted accounting principles as applicable to governments and, as such, include amounts based on informed estimates and judgments of management with consideration given to materiality. Actual results could differ from those estimates.

**BUDGETS**

Public Act 621 of 1978 as amended provides that a local unit shall not incur expenditures in excess of the amount appropriated. The approved budgets of the Village for these budgetary funds were adopted on a fund level, using the modified accrual basis of accounting. Amendments are made to the budget

**VILLAGE OF MANCERLONA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED FEBRUARY 29, 2008**

**NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**  
**(BUDGETS CONTINUED)**

when determined to be necessary throughout the year. The budget is presented as originally adopted and as amended. There are no carryover budget items.

**NOTE C: CASH AND CASH EQUIVALENTS**

At year end, the carrying amount of the Village's bank deposits including certificates of deposit was \$443,146. The bank balance was \$451,983. Of the bank balance, \$200,000 was covered by federal depository insurance and \$251,983 was uninsured. The uninsured deposits are held by the bank in the Village's name and collateralized with securities.

Statutory Authority

Act 217, PA 1982, authorizes the Village to deposit and invest in:

- (a) Bonds and other direct obligations of the United States or its agencies
- (b) Certificates of deposit, savings accounts, deposit accounts, or depository receipts of federally insured banks, insured savings and loan associations or credit unions insured by the National Credit Union Administration that are eligible to be the depository of surplus money belonging to the state under section 5 or 6 of Act 105, PA 1855, as amended.
- (c) Commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services. Maturity cannot be more than 270 days after purchase and not more than 50 percent of any fund may be invested in commercial paper at any time.
- (d) United States Government or Federal Agency obligation repurchase agreements.
- (e) Banker's acceptance of United States bank.
- (f) Mutual funds composed of investments which are legal for direct investments by local units of government in Michigan.

The Village's cash deposits and investments are in accordance with statutory authority.

**NOTE D: RECEIVABLES**

The Village's receivables as of February 29, 2008 are as follows:  
Fund Financial Statements:

	<u>GENERAL</u>	<u>MAJOR STREET</u>	<u>LOCAL STREET</u>
Delinquent Taxes	\$ 44,081	\$ -	\$ 10,317
State Revenue	26,611	5,337	2,876
Charter Franchise Fees	5,800	-	-
CDBG Grant	139,085	-	-
Total	<u>\$ 215,077</u>	<u>\$ 5,337</u>	<u>\$ 13,193</u>



**VILLAGE OF MANCERLONA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED FEBRUARY 29, 2008**

**NOTE D: RECEIVABLES (CONTINUED)**

An additional receivable has been recorded in the government-wide financial statements to reflect the amount to be received from the DDA over the life of two capital leases (described in Note H) in the amount of \$81,822, of which \$37,274 is current.

Management considers all receivables to be fully collectible.

**NOTE E: DUE FROM/TO OTHER FUNDS**

The amounts of interfund receivables and payable are as follows:

<u>FUND</u>	<u>INTERFUND RECEIVABLE</u>	<u>FUND</u>	<u>INTERFUND PAYABLE</u>
General	\$ 47,537	Major Street	\$ 23,647
		Local Street	23,890
	<u>\$ 47,537</u>		<u>\$ 47,537</u>

Interfund receivables are short-term in nature and no interest is charged on the above amounts. Above amounts are the result of fringe benefit allocations, equipment rental and administration.

GASB 34 requires that all interfund receivables and payables are eliminated within each activity type for purposes of the government-wide financial statements.

**NOTE F: CAPITAL ASSETS**

	<u>CAPITAL ASSETS NOT DEPRECIATED</u>		<u>CAPITAL ASSETS DEPRECIATED</u>			
	<u>LAND &amp; IMPROV.</u>	<u>BUILDINGS</u>	<u>POLICE VEHICLES</u>	<u>MACHINERY &amp; EQUIPMENT</u>	<u>INFRA- STRUCTURE</u>	<u>TOTALS</u>
<b>Governmental Activities</b>						
Balance, March 1, 2007	\$ 370,800	\$ 447,914	\$ 67,740	\$ 425,066	\$ 289,390	\$ 1,600,910
Increases	-	-	-	-	-	-
Decreases	-	-	-	-	-	-
Balance, Feb. 29, 2008	<u>370,800</u>	<u>447,914</u>	<u>67,740</u>	<u>425,066</u>	<u>289,390</u>	<u>1,600,910</u>
<b>Governmental Activities</b>						
Accumulated Depreciation						
Balance, March 1, 2007	-	87,748	40,632	218,269	28,098	374,747
Increases	-	7,052	6,825	15,828	9,646	39,351
Decreases	-	-	-	-	-	-
Balance, Feb. 29, 2008	<u>-</u>	<u>94,800</u>	<u>47,457</u>	<u>234,097</u>	<u>37,744</u>	<u>414,098</u>
Governmental Activities						
Capital Assets, Net	<u>\$ 370,800</u>	<u>\$ 353,114</u>	<u>\$ 20,283</u>	<u>\$ 190,969</u>	<u>\$ 251,646</u>	<u>\$ 1,186,812</u>

**VILLAGE OF MANCERLONA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED FEBRUARY 29, 2008**

**NOTE F: CAPITAL ASSETS (CONTINUED)**

Depreciation expense was charged to functions of the Village as follows:

Motor Pool	\$ 6,880
Village Administration	2,480
Street & Sidewalks	9,646
Parks	2,913
Law Enforcement	7,695
Buildings and Grounds	7,052
Unallocated	<u>2,685</u>
Total	<u>\$ 39,351</u>

**NOTE G: LONG-TERM DEBT**

The following is a summary of changes in long-term debt for the year ended February 29, 2008:

<u>Description and Purpose</u>	<u>Balance March 1 2007</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance February 29 2008</u>	<u>Due Within 1 Year</u>
Governmental Activities					
2002 MTF Bond	\$ 220,000	\$ -	\$ 15,000	\$ 205,000	\$ 15,000
Capital Leases	<u>119,096</u>	<u>-</u>	<u>37,274</u>	<u>81,822</u>	<u>37,274</u>
Total	<u>\$ 339,096</u>	<u>\$ -</u>	<u>\$ 52,274</u>	<u>\$ 286,822</u>	<u>\$ 52,274</u>

**The 2002 Michigan Transportation Fund Bond** is a bond due in annual installments from \$15,000 to \$30,000 payable on June 1, of each year beginning in 2007. Interest is due semi-annually on June 1, and December 1, beginning in 2003, at varying rates from 4.05% - 4.40%. Final payment is due on June 1, 2018. The money was borrowed for the purpose of paying construction costs of East State Street. This obligation is serviced by the Major Street Fund.

**VILLAGE OF MANCERLONA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED FEBRUARY 29, 2008**

**NOTE G: LONG-TERM DEBT (CONTINUED)**

The capital lease obligations are due in semi-annual installments of \$10,000 and \$8,637, respectively. The capital leases were entered into in order to finance the street lighting projects on both East State Street and West State Street. There is no calculation for the interest portion of these capital lease payments.

The Mancelona Downtown Development Authority has agreed to service the capital lease obligations; however, the leases are in the name of the Village and therefore included in these financial statements.

The annual principal and interest requirements, to amortize the bonds payable and lease payments as of February 29, 2008, are as follows:

	2002 MTF BOND	2002 MTF INTEREST	CAPITAL LEASES	TOTAL
2009	15,000	8,166	37,274	60,440
2010	15,000	7,559	27,274	49,833
2011	15,000	6,951	17,274	39,225
2012	15,000	6,344	-	21,344
2013	20,000	5,635	-	25,635
2014-2018	125,000	14,145	-	139,145
	<u>\$ 205,000</u>	<u>\$ 48,800</u>	<u>\$ 81,822</u>	<u>\$ 335,622</u>

**COMPENSATED ABSENCES**

All full-time employees (non-elected officials) may accumulate compensated absences (vacation and personal days) in accordance with the employment policies of the Village. Upon termination, employees are either paid one-half their individual accumulated amount or the full amount, depending on the details of each employment contract. At February 29, 2008, the Village was liable for approximately \$27,000 of compensated absences.

**NOTE H: FUND BALANCE AND NET ASSETS**

**RESERVED FUND BALANCE/RESTRICTED NET ASSETS**

The reserved fund balance/restricted net assets related to streets and highways include the ending fund balances of the local and major street funds, which totals \$276,207.

The Village also has a reservation/restriction in the amount of \$2,314 related to a donation where the donor has restricted the use of monies to be spent on the Village's fish pond.

**VILLAGE OF MANCERLONA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED FEBRUARY 29, 2008**

**NOTE I: INTRA/INTER-FUND REVENUE AND EXPENSE**

Following is a summary of all equipment rental and administration charges between and within funds (all general fund revenues).

Local Street	\$ 21,987
Major Street	<u>\$ 22,275</u>

Motor Pool Equip	Buildings & Grounds
Rental & Admin. <u>\$ 44,262</u>	and Parks <u>\$ 17,108</u>

The Local and Major Street Funds incur the above stated expenditures and pay the General Fund accordingly. The Building and Grounds and Parks incur equipment rental expenses, while matching revenue is recorded, however no payments are made for this **intra-fund** activity.

All inter/intra-fund activity has been eliminated in the government-wide financial statements.

**NOTE J: PENSION**

The Village of Mancelona has a defined contribution pension plan covering substantially all of its (non-elected) employees. Employees are fully vested in the seventh year of employment. A defined contribution pension plan provides benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive.

Under the Village's defined contribution pension plan, the benefits a participant will receive depend on the amount contributed to the participant's account and the returns earned on investments of those contributions.

The plan is maintained with the Principal Mutual Life Insurance Co. The total pension expense for the year approximated \$9,132, which meets the contribution requirements of the Village. The Village contributes 7% of eligible employee wages which was approximately \$130,457 for the period. The policy provides for group retirement annuities and contributions to be used for the purchase of annuity benefits, so there are no separate plan assets.

**VILLAGE OF MANCERLONA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED FEBRUARY 29, 2008**

**NOTE K: INSURANCE COVERAGES**

The Village is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The Village participates in the Michigan Township Participating Plan, a self-insured group. The pool is considered a public entity risk pool. The Village pays annual premiums to the pool for the respective insurance coverage. In the event a pool's total claims and expense for a policy year exceed the total normal annual premiums for said years, all members of the pool's policy year may be subject to special assessment to make up the deficiency. The pool maintains reinsurance for claims generally in excess of \$500,000 for each occurrence with the overall maximum coverage varying depending on the specific type of coverage of reinsurance. The Village has not been informed of any special assessments being required.

There were no significant changes in coverage, nor were there any significant claims for the year. The Village carries commercial insurance for other types of losses, including employee health and accident insurance.

The Village has the following coverage's:

	<u>COVERAGE'S</u>
Property	\$ 700,000
Liability	5,000,000/7,000,000
Errors & Omissions	5,000,000/6,000,000
Law Enforcement	5,000,000/6,000,000
Automobile	5,000,000
Crime	10,000
Inland Marine	421,000
Boiler	250,000
Bond	10,000
Worker's Compensation	Statutory

**VILLAGE OF MANCERLONA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**YEAR ENDED FEBRUARY 29, 2008**

	<b>ORIGINAL BUDGET</b>	<b>FINAL AMENDED BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE FROM FINAL AMENDED BUDGET</b>
<b>REVENUES:</b>				
Property Taxes	\$ 250,000	\$ 250,000	\$ 236,134	\$ (13,866)
State Shared Revenue	155,000	155,000	150,517	(4,483)
Federal Grant - Sewer Project	-	164,317	164,317	-
Charges for Services	1,700	1,700	1,591	(109)
Metro Act Funds	5,000	5,000	4,790	(210)
Sub - Total	411,700	576,017	557,349	(18,668)
<b>Police:</b>				
Ordinance Fines	10,000	10,000	9,836	(164)
PBT Fees	3,000	3,000	5,862	2,862
Liquor License	1,400	1,400	1,554	154
State Training	1,700	1,700	689	(1,011)
Total Police	16,100	16,100	17,941	1,841
<b>Equipment Rental and Admin:</b>				
Local and Major Streets	30,000	30,000	44,262	14,262
Buildings & Grounds/ Parks	19,000	19,000	17,108	(1,892)
Total Equipment Rental and Admin.	49,000	49,000	61,370	12,370
<b>Other:</b>				
Interest Earnings	5,000	5,000	11,222	6,222
Refunds and Rebates	2,500	2,500	1,700	(800)
Franchise Fee - Cable Co.	10,000	10,000	12,696	2,696
Miscellaneous	1,000	1,000	6,564	5,564
Total Other	18,500	18,500	32,182	13,682
<b>Total Revenues</b>	<b>\$ 495,300</b>	<b>\$ 659,617</b>	<b>\$ 668,842</b>	<b>\$ 9,225</b>

**VILLAGE OF MANCERLONA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**YEAR ENDED FEBRUARY 29, 2008**

	<u>ORIGINAL BUDGET</u>	<u>FINAL AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FROM FINAL AMENDED BUDGET</u>
<b>EXPENDITURES:</b>				
<b>GENERAL GOVERNMENT</b>				
<b>Village Council:</b>				
Wages	\$ 22,000	\$ 19,375	\$ 15,000	\$ 4,375
Fringe Benefits	-	-	1,141	(1,141)
Insurance	32,000	32,000	30,089	1,911
Professional Fees	18,500	18,500	13,824	4,676
Printing	10,000	10,000	1,913	8,087
Miscellaneous	5,000	5,000	3,922	1,078
Zoning Administrator	500	500	375	125
Capital Outlay/Archit. Fees	1,500	1,000	-	1,000
Total Village Council	<u>89,500</u>	<u>86,375</u>	<u>66,264</u>	<u>20,111</u>
<b>Election:</b>				
Wages	700	700	744	(44)
Fringe Benefits	-	-	56	(56)
Office Supplies	2,000	2,000	1,035	965
Total Election	<u>2,700</u>	<u>2,700</u>	<u>1,835</u>	<u>865</u>
<b>Village Clerk:</b>				
Wages	27,000	27,000	20,511	6,489
Fringe Benefits	8,500	8,500	9,785	(1,285)
Office Supplies	4,000	4,000	3,325	675
Telephone	2,000	2,000	2,331	(331)
Total Village Clerk	<u>41,500</u>	<u>41,500</u>	<u>35,952</u>	<u>5,548</u>
<b>Village Treasurer:</b>				
Wages	10,000	8,200	5,841	2,359
Fringe Benefits	-	-	428	(428)
Office Supplies	250	250	779	(529)
Tax Roll	1,500	1,500	1,004	496
Miscellaneous	-	-	85	(85)
Total Village Treasurer	<u>\$ 11,750</u>	<u>\$ 9,950</u>	<u>\$ 8,137</u>	<u>\$ 1,813</u>

**VILLAGE OF MANCERONA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**YEAR ENDED FEBRUARY 29, 2008**

	<b>ORIGINAL BUDGET</b>	<b>FINAL AMENDED BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE FROM FINAL AMENDED BUDGET</b>
<b>Buildings and Grounds:</b>				
Wages	\$ 20,000	\$ 20,000	\$ 12,647	\$ 7,353
Fringe Benefits	13,000	6,000	4,962	1,038
Equipment Rental	14,000	14,000	7,439	6,561
Utilities	8,500	8,500	7,574	926
Contractual Services	9,000	6,500	7,212	(712)
Operating Supplies	2,500	2,500	2,300	200
Building Supplies	1,200	1,200	2,537	(1,337)
Tree Removal	5,000	500	-	500
Capital Outlay	5,000	2,500	1,326	1,174
<b>Total Buildings and Grounds</b>	<b>78,200</b>	<b>61,700</b>	<b>45,997</b>	<b>15,703</b>
<b>Parks and Recreation:</b>				
Wages	17,000	17,000	12,016	4,984
Fringe Benefits	-	-	4,674	(4,674)
Equipment Rental	5,000	5,000	9,091	(4,091)
Supplies	1,000	1,000	5,575	(4,575)
Contractual Services	3,000	2,000	2,216	(216)
Utilities	4,100	4,100	3,590	510
Capital Outlay	5,500	5,500	1,323	4,177
<b>Total Parks and Recreation</b>	<b>35,600</b>	<b>34,600</b>	<b>38,485</b>	<b>(3,885)</b>
<b>Public Relations:</b>				
Village Decorations	2,500	500	243	257
<b>TOTAL GENERAL GOVERNMENT</b>	<b>261,750</b>	<b>237,325</b>	<b>196,913</b>	<b>40,412</b>
<b>PUBLIC SAFETY</b>				
<b>Police</b>				
Wages	136,300	131,300	131,478	(178)
Fringes	70,000	70,000	76,799	(6,799)
Operating Supplies	6,300	6,300	2,431	3,869
Gasoline	6,000	6,000	6,742	(742)
Contractual Services	2,500	2,500	1,211	1,289
Telephone	2,000	2,000	2,341	(341)
Training & Mileage	500	500	-	500
Capital Outlay	1,000	1,000	-	1,000
Miscellaneous	1,200	1,200	442	758
<b>Total Police</b>	<b>\$ 225,800</b>	<b>\$ 220,800</b>	<b>\$ 221,444</b>	<b>\$ (644)</b>



**VILLAGE OF MANCERLONA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**YEAR ENDED FEBRUARY 29, 2008**

	<b>ORIGINAL BUDGET</b>	<b>FINAL AMENDED BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE FROM FINAL AMENDED BUDGET</b>
<b>MOTOR POOL</b>				
Wages	\$ 22,500	\$ 22,500	\$ 17,996	\$ 4,504
Fringe Benefits	10,000	5,100	10,676	(5,576)
Operating Supplies	2,500	2,500	543	1,957
Contractual Services	5,000	2,500	4,128	(1,628)
Gasoline	6,000	6,000	10,317	(4,317)
Utilities	4,000	4,000	3,727	273
Equipment Supplies	5,000	5,000	2,862	2,138
Telephone	500	500	945	(445)
Capital Outlay	5,000	2,500	-	2,500
Miscellaneous	1,000	1,000	460	540
<b>Total Motor Pool</b>	<b>61,500</b>	<b>51,600</b>	<b>51,654</b>	<b>(54)</b>
 <b>Federal Grant - Sewer Project</b>	 -	 164,317	 164,317	 -
 <b>Total Expenditures</b>	 549,050	 674,042	 634,328	 39,714
 Excess (Deficiency) of Revenues over Expenditures	 (53,750)	 (14,425)	 34,514	 48,939
 <b>Fund Balance - Beginning of Year</b>	 191,686	 191,686	 191,686	 -
 <b>Fund Balance - End of Year</b>	 \$ 137,936	 \$ 177,261	 \$ 226,200	 \$ 48,939

**VILLAGE OF MANCERLONA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - MAJOR STREET FUND**  
**YEAR ENDED FEBRUARY 29, 2008**

	<b>ORIGINAL BUDGET</b>	<b>FINAL AMENDED BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE FROM FINAL AMENDED BUDGET</b>
<b>REVENUES:</b>				
State Funds	60,000	60,000	67,325	7,325
County Funds	(2,000)	(2,000)	-	(2,000)
Interest	2,000	2,000	3,331	1,331
<b>Total Revenues</b>	<b>64,000</b>	<b>64,000</b>	<b>70,656</b>	<b>6,656</b>
<b>EXPENDITURES:</b>				
Reconstruction	8,500	5,500	830	4,670
Traffic Signals	1,000	1,000	228	772
<b>Routine Maintenance:</b>				
Wages	2,000	2,000	1,742	258
Supplies, Equip. Rental, Other	7,000	7,000	5,751	1,249
<b>Winter Maintenance:</b>				
Wages	6,000	6,000	5,495	505
Supplies, Equip. Rental, Other	9,500	9,500	15,033	(5,533)
<b>M-88 Maintenance:</b>				
Wages	1,200	1,200	1,570	(370)
Contractual Services	1,000	1,000	-	1,000
Equipment Rental	2,000	2,000	2,623	(623)
<b>Fringe Benefits</b>	<b>6,000</b>	<b>6,000</b>	<b>3,635</b>	<b>2,365</b>
<b>Debt Service:</b>				
Principal and Interest Payments	62,000	62,000	61,415	585
<b>Total Expenditures</b>	<b>106,200</b>	<b>103,200</b>	<b>98,322</b>	<b>4,878</b>
Excess (Deficiency) of Revenues Over Expenditures	(42,200)	(39,200)	(27,666)	11,534
<b>OTHER FINANCING SOURCES</b>				
Transfer from DDA	38,000	38,000	37,374	(626)
Excess (Deficiency) of Revenues and Other Sources over Expenditures	(4,200)	(1,200)	9,708	10,908
<b>Fund Deficit - Beginning of Year</b>	<b>88,880</b>	<b>88,880</b>	<b>88,880</b>	<b>-</b>
<b>Fund Deficit - End of Year</b>	<b>84,680</b>	<b>87,680</b>	<b>98,588</b>	<b>10,908</b>

**VILLAGE OF MANCERONA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - LOCAL STREET FUND**  
**YEAR ENDED FEBRUARY 29, 2008**

	<b>ORIGINAL BUDGET</b>	<b>FINAL AMENDED BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE FROM FINAL AMENDED BUDGET</b>
<b>REVENUES</b>				
Property Taxes	\$ 63,000	\$ 63,000	\$ 56,152	\$ (6,848)
State Funds	35,000	35,000	36,279	1,279
Interest	4,500	4,500	6,543	2,043
Total Revenues	102,500	102,500	98,974	(3,526)
<b>EXPENDITURES</b>				
Resurfacing	23,000	8,000	-	8,000
Sidewalk Installation	10,000	2,500	103	2,397
Street Light Utilities	25,000	25,000	25,807	(807)
Miscellaneous	500	500	52	448
<b>Routine Maintenance:</b>				
Wages	5,000	5,000	3,766	1,234
Supplies, Equip. Rental, Other	9,750	9,750	6,761	2,989
<b>Winter Maintenance:</b>				
Wages	8,000	8,000	7,587	413
Supplies, Equip. Rental, Other	8,000	8,000	16,265	(8,265)
<b>Fringes</b>	8,000	8,000	4,739	3,261
Total Expenditures	97,250	74,750	65,080	9,670
Excess (Deficiency) of Revenues Over Expenditures	5,250	27,750	33,894	6,144
<b>Fund Balance - Beginning of Year</b>	143,725	143,725	143,725	-
<b>Fund Balance - End of Year</b>	\$ 148,975	\$ 171,475	\$ 177,619	\$ 6,144